

**TOWN COUNCIL  
WORKSHOP MEETING  
APRIL 29, 2002**

The meeting was called to order at 5:37 p.m. Present were Mayor Venis, Vice-Mayor Clark, Councilmembers Paul, Starkey, and Truex. Also present were Town Administrator Willi and Town Clerk Muniz recording the meeting.

**1. Introduction by Marsh USA.**

Human Resources Director Mark Alan introduced Mike Barreto, consultant from Marsh USA.

Mr. Barreto spoke of the history of this process and explained that 85% of the Town's costs were associated with claims and 15% were premiums and administration.

**2. Interview of Health Insurance Companies**

**A) BlueCross/BlueShield of Florida**

Maribeth Grohowsky, representing Blue Cross/Blue Shield, presented a slide presentation which highlighted the competencies of her company. She stated that her company had proposed an Asset Management Funding Arrangement which was a self-insuring program for both PPO's and HMO's. Ms. Grohowsky spoke about high-risk disease programs, where the member was invited to join special programs and advised that the insurance could be used nationwide.

Mayor Venis asked over what period of time the Town could expect to see savings with a self insured versus a fully insured plan as proposed by Cigna. Ms. Grohowsky did not have this data available, but stated that her company liked to partner with their clients and could show clients that the savings of a self-insured program were real. She suggested that the Town contact the City of Deerfield Beach to verify there were significant savings.

Mahkie Bradley, representative of Blue Cross/Blue Shield, spoke of the stopgap protection and cash flow advantages of self-insurance programs.

Mayor Venis asked what the Blue Cross/Blue Shield's reinsurance level was. Mr. Bradley indicated \$100,000 on each individual and \$300,000 for another illness.

Assistant Town Administrator Ken Cohen asked what the Town's maximum liability would be. Mr. Bradley indicated \$3,245,000 plus \$200,000.

Mr. Cohen asked what the anticipated liability would be for the 12-month period. Mr. Bradley felt it would be approximately 85% of the total aggregate liability.

Mr. Alan asked if Blue Cross/Blue Shield could provide a plan match and what the impact would be on the cost to the Town. Ms. Grohowsky indicated that if deductibles and co-payments were the only considerations, her company could provide a very close match. She also indicated that Blue Cross/Blue Shield would be willing to offer a two-year cap.

Mr. Cohen asked if prescription drug costs were included in aggregate costs. Mr. Bradley replied affirmatively.

Vice-Mayor Clark asked if there was a maximum prescription drug allowed. Ms. Grohowsky indicated that the Town had made that determination according to the amount being spent by users. She added that benefit changes could be made midstream, as they saw fit.

Vice-Mayor Clark asked if the Town made a change, would the employee be allowed to drop the plan. Ms. Grohowsky stated that her company did not advocate two open

enrollments. Mr. Barreto indicated that under ARISA rule, more than one open enrollment was permitted if the plan was changed. He clarified that it was atypical, but it could be done.

Procurement Manager Herb Hyman asked what Blue Cross/Blue Shield's philosophy was in the RFP process since they did not bid when a fully insured plan was being sought. Ms. Grohowsky stated that her company could not be competitive with a fully insured plan.

Acting Budget and Finance Director Carol Menke asked various questions regarding billing and banking and asked if there would be any disruption to the Town's network. Ms. Grohowsky stated that her company could do a one-on-one disruption analysis. She also explained how the Town would be billed. Ms. Menke asked if Blue Cross/Blue Shield offered an EAP. Ms. Grohowsky replied negatively.

B) Avmed

Diane Karen, representing AvMed, distributed a booklet to Council and spoke of her company's competencies and the advantages of AvMed's programs. Dr. Rivo spoke of the various programs outlined in the Avmed booklet. Ms. Karen spoke of an added benefit submitted at no cost, which was a Wellness Program that would include an annual health fair.

Mayor Venis asked what the savings would be with a self-insured program compared to Cigna's full insurance program over an 18-month period. Mr. Barreto indicated that over 18 months, the cost would be \$4.8 million plus a 25% "run out" figure for AvMed. He clarified that Cigna's savings was just over \$5.2 million. Mr. Barreto indicated that Cigna's figure might be a little low in light of the employee enrollment figures used. He stated that it could be calculated individually, \$542.88 plus 25% for AvMed, and \$580.56 for Cigna. Mr. Barreto advised that he did not have figures from Blue Cross/Blue Shield because he did not have enough information.

Mayor Venis asked what AvMed's reinsurance maximum was. Ms. Karen indicated that the reinsurance figure was \$100,000. Mayor Venis asked if any employee would be lasered out and what the reinsurance would be. Lida Silver explained that one individual was lasered out at the \$300,000 level. She stated that the premium differential was approximately \$277,000 for the transplant. Avmed was proposing that the Town purchase a "Zurich American Insurance" policy, which would cover the pending transplant and future transplants. Ms. Silver stated that it would offer greater long-term medical cost stability because it would be removed from the self-funded plan.

Mayor Venis asked Ms. Menke if the Town went to a self-insured plan, could it utilize the fund that was preserved from years ago. Ms. Menke indicated that the fund could be used and the amount was in excess of \$1 million.

Ms. Menke asked Ms. Karen if Avmed had done a network disruption study. Ms. Karen replied that they had not, but they would be willing to do so. Ms. Menke asked about billing and claims. Ms. Silver explained that Avmed processed self-funded groups on the same cycle as fully funded groups, which was on a weekly basis. She stated that an administrative fee and checks would be billed monthly.

Ms. Menke asked about an EAP program. Dr. Rivo stated that the University of Miami had an EAP program and Avmed would provide it to the Town.

Ms. Menke asked about employees who were currently pregnant. It was stated that those employees who were in their last trimester would be covered and Avmed would work with those who were not in their last trimester.

**C) United HealthCare of Florida**

Wendy Specter, representing United Healthcare of Florida, spoke of the competencies of her firm. Rachel Sapoznik distributed a document which outlined the types of reports available.

Mayor Venis asked what the savings would be over an 18-month period in comparison to Cigna. Ms. Specter indicated that based on the number of employees, the savings would be \$827,624 which was based on the current numbers from Cigna. It was clarified that the attempt was to compare the proposal exactly to Cigna's plan.

Mayor Venis asked if any employees would be lasered out and what the reinsurance maximum would be. Ms. Specter indicated that no employee would be lasered out unless United Healthcare was asked to do so by the Town. The maximum reinsurance was \$100,000 and no employees were lasered out. She added that United Healthcare was the reinsurer.

Mr. Hyman indicated that United Healthcare's RFP was significantly different than the current plan design. United Healthcare representatives felt their proposed plan design was as good, if not better than the current plan design.

Councilmember Paul asked if under United's Open Access Plan, covered employees would not be denied any coverage for medication or physician preference. It was indicated that the only procedure that would be denied would be elective surgeries. It was also indicated that because United Healthcare's network was so extensive for HMO's, clients rarely had to change physicians and many PPO and POS clients switched to HMO's.

Mayor Venis asked about United Healthcare's current municipal clients, especially the City of Pembroke Pines. It was indicated that the City of Pembroke Pines was very pleased, as was the City of North Miami. It was also clarified that both these cities had fully insured plans rather than self-insured plans.

Ms. Menke asked about the availability of an EAP. Ms. Specter stated that United Healthcare had a subsidiary - Optimum Care 24 - which provided full service EAP's. Through this program, all employees would have access to healthcare professionals and financial counselors, 24 hours a day, seven days a week. Also, one free workshop could be arranged quarterly for up to 50 employees to discuss issues such as stress management and customer service. There were also two crisis response teams that would be dispatched to the Town within 48 hours. Also each employee would have up to three personal visits with mental health or substance abuse counselors at no extra charge.

Ms. Menke asked about monthly billing. Dan Wolansky explained that a joint bank account would be set up and United Healthcare would send a monthly bill and monies would be drawn from the account.

Ms. Menke asked how students or retirees who were not in the tri-county area would be treated. Mr. Wolansky explained that United Healthcare was a national network, so if a client was out of state, full services were still available.

**D) Cigna Healthcare of Florida**

Jay White, representing Cigna Healthcare of Florida, spoke of Cigna's history and some of the products his company offered, including the self-insured, fully insured, and minimum premium. He explained that the latter had all the benefits of the fully insured program, but it offered an alternative cash flow. Mr. White also indicated that Cigna would not laser out clients.

Ms. Menke asked for clarification of the minimum premium plan. Mr. White explained that it was a fully insured program with the claim liability portion reduced and the run-outs guaranteed. He further explained that a small percentage was paid to Cigna each month and the balance was held in a bank account. Mr. White added that monies were drawn from the bank account when there were claims.

### **3) Ranking and Selection of Health Insurance Company by Selection Committee**

Jim Bunce, representing the Davie Professional Firefighters Union, indicated that a cost shifting strategy that was mentioned during the meeting was in violation of three existing collective bargaining agreements. He stated that the union had also requested to be part of the process and felt that the unions had been excluded. Mr. Bunce advised that the cost shifting strategy only shifted the cost to the employee. He discussed the reserve fund that had been in existence for six to eight years which was used to pay out benefits. Mr. Bunce stated that if the Town went to a fully insured insurance plan, he would the reserve funds to be used to offset the costs. He added that it was fully expected that insurance costs would be increasing and reiterated that the union would have liked to have been part of the process.

Councilmember Truex asked if it was too late to include the unions in this process. Mr. Bunce discussed the cost shifting strategy that the union would have liked to have been involved with the wording.

Mayor Venis asked Mr. Hyman what the process would be for the ranking process by the Selection Committee. He suggested that the Committee rank the best self-insured companies and the best fully insured companies. Mr. Hyman felt this was a difficult decision to make without knowing if Council wanted to go with fully insured or self-insured. Mayor Venis reiterated that it would be best to separate the two for ranking purposes and then Council could make its decision.

Councilmember Starkey asked how much time would be needed to get the additional information to help make the decision. Mr. Barreto stated he would need additional information as soon as possible. Mr. Cohen stated that the April 30th Selection Committee meeting would be cancelled. He advised that Marsh would do the additional analysis and when they were ready, a Selection Committee meeting would be scheduled.

Councilmember Starkey questioned why the unions were not included when she had requested it. Mr. Cohen stated that the unions were invited to participate in all workshops that were held. He clarified that the unions were not on the Selection Committee, but could have attended and offered their opinions. Mr. Cohen added that the unions could also attend the Council meeting when the Committee made its presentation.

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Councilmember Paul requested that a simplified chart be presented to Council so that it could be easily analyzed. She also asked for hard figures rather than percentages. Mr. Cohen assured that this would be done for the next Council meeting.

Vice-Mayor Clark was concerned about the contribution changes. Mr. White stated that Cigna could provide a table that showed what the current contribution was in comparison to the proposal.

Councilmember Truex requested that the Selection Committee's recommendation be submitted to Council at least one week before the Council meeting so they would have time to analyze the recommendations. Mr. Cohen stated that this would be addressed on May 15th and Council would receive it well in advance.

Councilmember Starkey referred to employee contracts, which indicated that insurance would be paid for. She wanted to know if both PPO and HMO would be paid for by the Town. Mr. Cohen indicated that both would be paid for and 50% would be paid for family members.

It was agreed that the company that offered the most beneficial plan for employees at the best price was the company that should be chosen.

**4. ADJOURNMENT**

There being no further business to discuss and no objections, the meeting adjourned at 8:47 p.m.

Approved \_\_\_\_\_

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Mayor/Councilmember

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Town Clerk